RTD
SERVING NORTH CENTRAL NEW MEXICO

North Central Regional Transit District
Board Meeting
Friday, May 20, 2011

1. CALL TO ORDER:

A special meeting of the North Central Regional Transit District Board was called to order on the above date by Chair Rosemary Romero at 1:00 p.m. at Rio Arriba County Commission Chambers, 1122 Industrial Park Road, Española, New Mexico.

a. Pledge of Allegiance

b. Moment of Silence

c. Roll Call

Roll call indicated the presence of a quorum as follows:

Members Present:	Elected Members	Alternate Designees
Los Alamos County	Councilor Michael Wismer	Ms. Anne Laurent
Rio Arriba County	Commissioner Barney Trujillo	
Taos County		Mr. Jacob Caldwell
Santa Fé County	Commissioner Robert Anaya	
Pojoaque Pueblo		
San Ildefonso Pueblo		

Ohkay Owingeh		
Santa Clara Pueblo		Ms. Mary Lou Quintana
Tesuque Pueblo		
City of Santa Fé	Councilor Rosemary Romero, Chair	[T] Ms. Judith Amer
City of Española	Councilor Robert Seeds	
Members Absent:	**Elected Members**	**Alternate Designees**
Los Alamos County		
Rio Arriba County		Mr. Tomás Campos
Taos County	Commissioner Dan Barrone	
Santa Fé County		Ms. Penny Ellis Green
Pojoaque Pueblo	Mr. Tim Vigil	Councilman Cameron Martínez
San Ildefonso Pueblo	Councilman Raymond Martínez	Ms. Sandra Maes
Ohkay Owingeh	1st Lt. Gov. Virgil Cata	Ms. Kateri Keevama
Santa Clara Pueblo	Sheriff John Shije	
Tesuque Pueblo	Governor Charles Dorame	Former Gov. Milton Herrera
City of Española		Councilor Helen Kane-Salazar

Staff Members Present
Mr. Anthony Mortillaro, Interim Executive Director
Mr. Jack Valencia, Transit Project Manager
Ms. Cynthia Halfar, Executive Assistant
Ms. Kelly Muniz, Financial Manager
Ms. Annette Velarde, Public Information Officer
Mr. Pat López, Financial Analyst
Ms. Linda Trujillo, Service Development Manager

Others Present
Mr. Mike Kelly, Santa Fé Trails
Mr. Pablo Sedillo, Sen. Bingaman's office
Ms. Jill Carothers, Los Alamos County

Whitney Jones, Rio Grande Sun

d. Introductions

Those present introduced themselves.

e. Approval of Agenda

Councilor Wismer moved to approve the agenda as presented. Councilor Seeds seconded the motion and it passed by unanimous voice vote.

2. ACTION ITEMS FOR APPROVAL/DISCUSSION

A. Los Alamos Service Plan for FY 11 (Modified)

Chair Romero said they had tight time line for this modified service plan here.

Mr. Valencia presented the plan. The original plan was previously approved. The modified service plan was within the budget.

Mr. Mortillaro explained that these were applicable in this FY.

There were no questions.

Commissioner Trujillo moved to approve the modified plan. Councilor Seeds seconded the motion and it passed by unanimous voice vote.

B. Los Alamos Service Plan for FY 12

Mr. Valencia presented the Los Alamos Service Plan for FY 12. It was within the budget and Staff recommended approval.

Councilor Seeds moved to approve the Los Alamos Service Plan for FY 12. Commissioner Trujillo seconded the motion and it passed by unanimous voice vote.

3. PUBLIC HEARING: The Preliminary Budget for FY 12

No members of the public had comments on the preliminary budget for FY 12.

4. DISCUSSION ITEMS:

C. The Preliminary Budget for the NCRTD for FY 12: For Authorization to Submit to the Department of Finance Administration (DFA)

Mr. Mortillaro clarified that this was a preliminary budget. It was submitted to the Board for review. It was 13.2% above last FY, the majority of that - $1.2 million - was attributable to non-recurring expenses.

Commissioner Trujillo introduced the Rio Arriba Assistant County Manager.

Mr. Jacob Caldwell arrived at this time.

Mr. Mortillaro said this budget reflected anticipated increases in operation costs for the new building and unknown utility expenses. There was also increased insurance costs on the new building. Those issues were driving the increase for the new fiscal year.

Other activities were reserve funds. They wouldn't reach the 25% goal overnight. Right now they were at 21% at the end of this FY.

The mechanic's position would not be funded for this year. It had never been filled. In the future years it might be filled but it was not needed right now.

There was also a placeholder for a 3% potential salary increase for next year. That was similar to what was done last year. It was just a placeholder because the Board has not discussed it. It comes down to how the finances were structured.

Ms. Judith Amer joined by telephone.

Chair Romero caught up the new arrivals on approval of A and B and the present consideration of item C.

Ms. Muniz gave the highlights on the budget, especially on the changes.

Revenue included estimated GRT of $7.75 million based on this year's actual and projected for next year. They were projecting it to be at the same level next year.

There was a cash balance of $684,000, some of which was for furniture and equipment that was not yet purchased due to building delay. They were using cash reserve to balance the budget.

She made a couple of brief comments on the federal grant income and explained its use. A 50/50 grant for building maintenance was just awarded for FY 12.

Advertising revenue was increased $5,000 in anticipation of putting advertising on the bus shelters. They had no idea what would be realized.

The Los Alamos contribution would be used as match for federal grants. $660,000 was given in previous years. They were budgeting part of the contribution.

Under Miscellaneous, we have to pay vehicle insurance up front and get reimbursed

There were no questions on revenue.

Mr. Caldwell asked for clarification on what appeared to be a projected increase in GRT. He asked what that was based on.

Mr. López referred to page 2 and explained that they had contemplated a little more in FY 11 and compromised at $2 million but now projected receiving $2.2 million.

Mr. Caldwell understood it was a flat projection based on actual revenue this year.

Mr. Mortillaro agreed and said they were still receiving for the year.

Ms. Amer understood in the summary the one-time increase and asked if most of that was from federal grants.

Mr. Mortillaro said it was a federal grant and the Los Alamos contribution carried over from past years ($660,000).

Ms. Amer asked if the $1.2 million showed up in expenses somewhere. Mr. Mortillaro agreed.

Ms. Muniz describes the major changes in expenses. The salaries were done by position. Fringe benefits went from $181,000 to $200,000 due to increases in health and liability insurance and Workers' Compensation. Vehicle insurance was projected higher due to the 11 new buses in FY 12. Postage would be increased since they would have much more mail going out this year. Telephone was higher since once in the new building they didn't yet know what equipment and number of lines would be needed. Audit was higher because we are still catching up and would pay for all of FY 11 and half of FY 10.

Mr. Mortillaro said the marketing plan would bring increases in costs. We need to communicate our services to our customers. We need to keep customers after gas prices go back down.

Commissioner Trujillo asked if that was to be a staff project or a contract.

Mr. Mortillaro said it would be a staff project and it would be brought for the board's

review.

Councilor Seeds said we have a flat budget and need to inform the general public. He believed people would ride public transportation because of gas prices. He didn't think the $100,000 would increase ridership that much.

Mr. Mortillaro suggested that once we get the plan created it might be much less costly.

Commissioner Anaya (by phone) pointed out that they needed to get people who basically never before have ridden in southern Santa Fé County. He thought there was such an opportunity for rural areas throughout the district.

Councilor Wismer assumed that staff would come up with a plan. He suggested to approach it incrementally and targeted. Mr. Mortillaro agreed.

Ms. Amer agreed with Commissioner Anaya.

Chair Romero felt the plan would be critical. She asked if it included any new programs.

Mr. Mortillaro had not seen it yet.

Mr. Valencia added that this marketing budget was being constructed with some web allocations. We have radio and TV time and also brochures. It requires outreach but media was costly. There were numerous stations and several newspapers in the district they could use.

Councilor Seeds thought that was okay just as long as it comes from the board first.

Mr. Mortillaro asked if he meant before any ad was placed. Councilor Seeds agreed.

Mr. Mortillaro wasn't sure how that would work.

Chair Romero said the plan must be approved but approving bills was a management function.

Mr. Mortillaro said the plan might call for radio messages in several places so they would be placed per the approved plan.

Commissioner Anaya arrived at this time.

Mr. Mortillaro said regarding marketing the Edgewood route that it was a new "old route" so they would put some effort into outreach in that area. The Board would see that adjustment at approval of the final budget.

Ms. Muniz reviewed the list of contracts where the total went from $220,000 to $318,000.

She said they needed to purchase a new email system and set up in the new building.

Councilor Wismer asked about the legal services contract.

Ms. Muniz explained the RFP was issued a couple of years ago. For this year so far, we just reached the $50,000 mark so it might be over by about $7,000 by the end of the year.

Mr. Mortillaro clarified that as a small agency we could not afford internal legal. Sometimes it might be too easy to pick up the phone to call them.

Chair Romero said she talked with other RTDs and felt this was one place we could look at to bring things into alignment. In Santa Fé, Waste Management did a legal RFP and proposals were $110 to $150 per hour.

Ms. Amer suggested the Board could advertise for a set yearly rate and not set the hours. There were lawyers who would do that.

Ms. Muniz said the RTD has done two RFPs so far.

Mr. Mortillaro thought the current contract was for 4 years and it was up to $100,000 per year but some of that was under our control.

Councilor Seeds saw it as an open check book here.

Mr. Mortillaro said a lot of the need for legal had tapered off. No attorney was here today.

Councilor Wismer understood some contracts were placeholders. Chair Romero agreed.

Ms. Amer asked about the budget for board retreat.

Chair Romero said that was just a place holder also.

Mr. Mortillaro said a board retreat was up to the Board. It might need a paid facilitator. Board retreats could cost up to $10,000. The budget envisions only a one-day retreat.

Ms. Amer asked about travel.

Ms. Muniz said all travel was going under one line item but she wanted to break it out for meals, lodging and travel. This budget was going down from $21,000 to $20,000.

Councilor Seeds asked why we have to put that much in travel.

Ms. Muniz said the total was done by creating a list of anticipated trips.

The Board briefly discussed the conferences that would have attendees from NCRTD.

Mr. Mike Kelly went through the list - the Washington DC was American Transportation Association where lots of big companies attend. The purpose was to seek federal funding. Knowing what some of those folks were doing - good knowledge to be there. FTA training was for every level of staff. The San Antonio conference brings every component used in transit services: bus manufacturers, security, etc. very valuable for staff...

Chair Romero pointed out that they had a minimum numbers attending these conferences. Some of them were mandatory for our work. She had never traveled on the NCRTD budget.

Commissioner Anaya asked if the Board discussed it today and then would vote later. Chair Romero agreed.

Commissioner Anaya understood, based on requests and the press, that there would be a line item review by the public. And there is a process for submitting the budget to the state. He asked how difficult it would be if we remitted a budget that was flat and had no increases and taking what the balance was and lumping it into contingency or reserve and stating that we were in transition and that the board wants to go through a process to make sure we were all at the same level. He wondered if that would be a problem or what harm would result from that.

Mr. Mortillaro knew that some places did that with a contingency line item - not reserve. Then if you want to spend out of it you have to come back to the Board. It comes down philosophically to what the Board wants.

Commissioner Anaya clarified that he was not saying the Board should approve every purchase but in this time, we need to really set forth where we think there would be assured increases or if we could revisit it as a board after a new Executive Director is chosen. Then the Board could look at it quarterly and then determine where we were headed.

His reservation on some of the items was that it kept the angst higher in this transition period.

Mr. Mortillaro wanted some time to think more about that. In the budget development process, each county has its county manager bring a budget forward and then get the monthly budget reports and this board gets that the same way. He understood the concern with the transition and a new ED might want to bring budget adjustments to the board but that could be done at any time.

Ms. Muniz thought that would work okay with the GRT part but for the 5311 or 5315 the RTD was only allowed four budget adjustments in the year so we have to be careful. We could not adjust it every couple of months. She would have to go back to DFA and to NMDOT to make those adjustments. They could take up to three months to get through the whole process.

Commissioner Anaya was looking at the deficits in Santa Fé County and respected what had to be done here. What he might want to cut today might be different down the line.

He felt strongly that staff should be able to access networks in New Mexico and the country to do their job. But with the high visibility recently, he was concerned. I respected DFA process issue and the county put placeholders in place all the time. But he also understood the timing importance.

Mr. Sedillo said DOT had its annual rural transit formula already approved. DOT had $2.7 billion dollars to access no later than this fall and that was also approved. So he encouraged the NCRTD to apply for that.

Mr. Valencia said the NCRTD lost $800,000 in the state budget reconciliation last December.

Mr. Caldwell said he was going to suggest the Board wait until after hearing all of staff's recommendation and then ask questions about the budget but Commissioner Anaya has triggered a more philosophical level.

Given the transition, he wanted to be careful that each line item was justified. We were seeing an increase in administrative costs here - even more than in operational. That was difficult. His preference would be for Ms. Muniz to continue presenting but that was a big concern on his part. Even without public scrutiny, it was a difficult time. We could extrapolate from the actual YTD figures. Staff already knows where we are YTD. It was a useful tool and perhaps next time we could have that information.

For example, before approving $100,000 for marketing, he needed to know how this was going to help - how it would increase ridership. Marketing was usually to attain an increase in revenue but that was not true here. Marketing for the RTD was to increase use.

Mr. Mortillaro agreed the only revenue was GRT, federal and Los Alamos County. For the future, it would be an interesting discussion. This went through the subcommittee already. Staff would give answers throughout the process.

Chair Romero reminded the Board that we have a June 1 deadline for DFA.

Councilor Seeds agreed with Commissioner Anaya's approach. There were too many line items here that were cushy.

Ms. Muniz continued her report. Office rent was based on anticipation of moving into our building in February. This year it was based on July to January and she built in two extra months for contingency. Utilities were still an unknown.

Software is for HR software purchase. Equipment and furnishings increased due to not knowing what we would need for the new building. Those are administrative costs.

Employee pay out was for accrued comp time earned when employees leave.

Chair Romero reminded the Board that the NCRTD inherited this when Rio Arriba employees were transferred in. It was an affiliated cost and nothing could be done to change that. We can't go backwards on it.

Commissioner Anaya asked if there was a policy on maximum carry over.

Mr. Mortillaro said it was in our personnel policies but those were being revisited in the future.

Ms. Muniz said rental of vans was a new line item. She reduced other contracts for this item. We pay Agora in Eldorado for the lot our bus pulls into

Hazard waste and disposal allows paying someone to take away the oil, etc.

Janitorial supplies are currently paid out of office supplies and she broke it out.

Chair Romero thought the Agora cost should go under that route's costs.

Ms. Muniz said fuel was calculated by taking the average actual and projecting it. Under Licensing and fees they would have rent on a cell tower in Taos.

Ms. Muniz concluded her report on the operation and administrative budget.

Chair Romero noted that if the Board kept it flat we would have to cut significantly in some places.

Mr. Mortillaro agreed. If we consider Commissioner Anaya's proposal, we could

move furniture and moving expenses into contingency.

Commissioner Anaya emphasized there were hard costs and soft costs. Travel and cell phones and contractual were soft costs. Gas was a hard cost. He appreciated what she said about adjustment limits on federal grants. He asked if staff could allocate the hard costs to federal sources and segregate the softer costs out.

Mr. Mortillaro said they were already showing the sources for all of the expenses.

Ms. Trujillo added that they were using the FTA line items but DOT had the oversight. Also, administrative costs were 80% reimbursable so we put many of those costs in administrative. Once in there, it was almost impossible to change it.

Chair Romero understood that that maximized our use of GRT. Ms. Trujillo agreed.

Ms. Muniz said the deadline was June 1. We could come back with changes on June 3 but the first submission was June 1st. The final one had to be done by July 1. Based on the RPA decision it could change the Santa Fé allocation and we could consider the changes at that time.

Councilor Wismer thanked Ms. Muniz for providing a lot more clarity. Based on what he heard from the Board he was concerned about the limit of 4 adjustments in federal grants. The other concern was our time line so he considered approval of this with a caveat that the budget come back frequently to find ways to lower administrative costs and look carefully at limits on travel. Part of the administrative reduction could be travel.

Perhaps next year we could consider the budget philosophy first and then go to line items. We need to reduce administrative costs. Mr. Mortillaro's comment on limiting attorney use was good.

Ms. Muniz said capital was the last section of the budget. A lot of it was attributable to the new building.

Commissioner Anaya went back to operational and asked why there was a big increase.

Ms. Trujillo said vehicle maintenance included the labor costs with a third party contract. In this budget labor costs were separated out from parts.

Ms. Muniz said the vehicle manager told her when he took over that there was a backlog of needed maintenance. He spent more on vehicle maintenance and parts than what was budgeted. 36 of the 47 vehicles were out of warranty. So we have to pay 100% of costs.

Commissioner Anaya wanted to get more information on that.

Ms. Trujillo said they were still running 2000 vehicle models. Most of them were CNG vehicles and she was hoping to retire those. Parts were more expensive for the bigger vehicles now being used.

Commissioner Anaya related how USPS changed to larger vehicles and saved money.

Ms. Muniz said the money for shelters and signs mobile radios, etc must be spent this FY. There was $900,000 for phase 2 construction.

Mr. López noted on the first page that insurance costs were really an operational costs and it could be moved from administrative to operational.

Ms. Trujillo added that with federal restrictions they had utilities both in administrative and in operation. Moving it around could affect the 80% reimbursement.

Mr. Mortillaro emphasized this was preliminary to meet the time line. Staff would bring back the revised budget based on the direction from today. He heard the Board on reducing marketing and lowering administrative costs. Some of this was based on additional costs for the new facility. There may be something there that could change. And we could always come back to the Board for adjustments.

Commissioner Anaya asked Mr. Caldwell. If there was no way to address the soft costs issue.

Mr. Caldwell said for the most part he agreed with Councilor Wismer's suggestion for moving forward but he didn't want to drop this issue by doing so.

This projects an 18% increase in administrative costs and 10% in operations. He was in a difficult position here. Usually he had to justify a budget to his board. The economy was in crisis and we have layoffs and furloughs. The things like software just have to be thrown out this year. Those soft costs have to go. Unless staff could convince us they would save money. Our funding availability was going to change drastically. Pueblo monies would probably dry up. Until we figure out how to generate other revenues we have to reduce costs. Operational costs should be proportionate to the miles we have to drive. So we need to figure out how to be most efficient in administration.

Mr. Mortillaro said it was surprising to him when he started because the RTD didn't have software licenses so that someone had to log off before another could log on. That was just a little example of things that had to be addressed.

Mr. Caldwell understood and that information wasn't available to the Board and there was not time to go through all of it.

Mr. Mortillaro understood and the Finance subcommittee needed to have that

discussion. The Board didn't have that luxury here.

Councilor Wismer said the Board had the option of going through each line item to try and reduce costs. Another option was to move forward with this preliminary budget with direction to reduce administrative costs by a certain percentage - maybe 12% and have staff take what the Board has done and find places to reduce by that percentage.

Chair Romero was kind of uncomfortable with less than 2 weeks to go. Marketing was not just an administrative expense. She thought the ED salary should be allocated and others. Too much was lumped into administrative costs. She was a little uncomfortable just saying 12% maximum. There were lots of places that needed more work and scrutiny. Travel was another one.

Mr. Valencia said they were talking about $300,000 to spend on 80% reimbursement. If they changed it to operation they would lose $90,000 in federal reimbursements.

Mr. Mortillaro thought it was smart to use the federal dollars to the maximum.

Councilor Seeds thought the RTD had been too dependent on federal funds. We have to take out travel completely. And the marketing had to be zeroed out. And those things have to come back to the board.

Chair Romero heard the RTD would submit the preliminary budget and reduce administrative costs. Some of these grants require travel so they would be looking at the travel requirements, marketing plan - and other administrative costs.

Commissioner Anaya added that the final budgeting wasn't done until after sending in the preliminary budget. He didn't agree with travel and marketing at zero but maybe keep them at zero now and look at them on June 3rd. It was a matter of principle and getting more information. If they just kept them flat and put the balance in contingency it would give an opportunity to discuss it further. Mr. Caldwell was the chair of the finance committee so we also need to abide by the governance instruction. He didn't see any harm if we stay flat with those soft items in particular and then take the time on June 3rd to let us look at them and modify them. We should not walk out of here with a split vote.

He didn't think those should go to zero but to keep the budget flat and then have that discussion with finance chair and the Board chair and by June 3rd probably have some more acceptable recommendations.

Chair Romero asked Ms. Muniz if she could go that direction without putting her in a bind.

Ms. Muniz said she could do it.

Commissioner Anaya said it would give some breathing room.

Mr. Caldwell thought it sounded like a reasonable compromise but not on things like vehicle insurance. A lot of what we were talking about was just the contractual and marketing. Legal fees and others were unpredictable. So knock marketing back down to $50,000 and consider contractual out of contingency.

Mr. Mortillaro said they would have another budget review prior to the fiscal year start on July 1.

Mr. Caldwell said it needed to be clear that staff was getting clarity from the board on justification of things. He added that we need to keep that in mind when we hire an ED and make sure the ED was knowledgeable with coming up with budget and LTP. It was easy to get distracted.

Councilor Wismer moved to approve the preliminary budget with the following changes:
1 - reduce marketing to $50,000;
2 - reduce travel budget to the minimum required;
3 - review contractual expenses for potential reductions;
4 - review total administrative costs for potential reduction, particularly the soft costs.

Commissioner Anaya seconded with a friendly amendment to authorize Mr. Mortillaro to make those reductions.

Ms. Amer asked if Ms. Muniz made sure all was properly allocated by federal requirements.

Mr. Mortillaro said she had and it maximized all federal funding.

The motion passed by unanimous roll call vote with Los Alamos County, Rio Arriba County, Taos County, Santa Fé County, City of Santa Fé and Española voting in favor and none voting against.

Councilor Seeds said he voted yes because he wanted to give staff the opportunity to come up with those things for the board.

5. MATTERS FROM THE BOARD

There were no matters from the Board.

6. MISCELLANEOUS

There were no miscellaneous items.

7. ADJOURNMENT

The meeting was adjourned at 3:32 p.m.

Approved by:

Rosemary Romero, Chair

Attest:

Michael Wismer, Secretary

Submitted by:

Carl Boaz, Stenographer